MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

T2, 2018/ 2019

BBM7094 – BUSINESS MANAGEMENT

(MBA Full Time)

30 JANUARY 2019
9.00 a.m. – 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **FIVE (5)** pages (including the cover page).

2. Answer **ALL** questions. The marks distributions are given in parentheses.

3. Write all your answers in the **Answer Booklet** provided.

Answer ALL questions.

Part A: Case study **(30 marks)**

Plastic bottles are a recycling disaster. Coca-Cola should have known better
~Bart Elmore

The drinks company junked its re-use system. Now the oceans are full of rubbish, will it clean up its act?

The Coca-Cola Company produced more than 100bn plastic bottles in 2016, Greenpeace claimed last month. This is troubling news, considering how much of the waste ends up outside plastic recycling systems. Separately it has been estimated that, on current trends, by 2050 the plastic in our oceans may weigh more than all the fish.

In this debate about waste, Coca-Cola has long been the target of environmentalists. After all, it has a massive ecological footprint that few companies can match – and packaging is just part of the story. Beyond the billions of plastic bottles, Coke places heavy demands on the Earth. As early as the 1920s, the company boasted that it was the largest consumer of sugar cane on the planet. It also soon claimed to be the world's biggest buyer of processed caffeine. Today, at its bottling plants it uses more than 300bn litres of water a year. Its total water footprint, needed to grow sugar cane and all the other ingredients, is 100 times greater.

Considering this appetite for natural resources, it's easy to understand why organisations such as Greenpeace have seen Coca-Cola as an ecological bogeyman. But hidden in the company's history are some useful lessons.

Take the history of Coke packaging. In the past several decades, Coca-Cola has fought hard to prevent communities around the world implementing deposit systems that would require drinks firms to add a charge to the price of their products, to be refunded when customers returned the packaging to the distributor or retailer.

Deposit systems began to spread in the US in the 1970s, as throwaway steel and aluminium cans replaced the returnable glass bottles that once dominated the beer and soft drink industries. This switch to throwaways, which started with brewers in the 1930s and matured in the soft drinks industry in the 1960s, was in part driven by a consumer culture that craved convenience. It was also driven by economics, as big beverage companies sought to achieve economies of scale by consolidating their bottling networks, and realised they could save money if they didn't have to truck returnable bottles back to factories.

But those companies did not like deposit systems because they believed government-imposed price hikes could hit sales. Coke, Pepsi and others organised to counter deposit laws. Their campaign was successful, largely because of a promise they brought to debates: kerbside recycling. In federal and state government hearings, Coca-Cola and

others argued that municipal recycling systems, if funded and supported by government agencies, would eliminate the need for deposits. By the mid-80s, this argument had won the day. After 1986, Hawaii was the only state to pass a deposit law, bringing the number of states with such legislation to just 10.

The ecological cost of not putting a price on packaging waste loomed large in America. Despite promises that more kerbside infrastructure would greatly increase recycling, huge quantities of waste remained. Plastic bottles, which emerged in the soft drink industry in the 1970s, were particularly problematic.

Coca-Cola claims its packaging is "recyclable". Yes, plastic containers can be recycled, but current systems of reclamation are failing to capture the vast majority of this waste, largely because there are few fiscal incentives.

Coca-Cola should have known this would be the outcome. In the early 20th century, industry journals chastised soft drink bottlers that did not put deposits on their returnable bottles. In 1905, for example, the Southern Carbonator and Bottler proclaimed: "The only sane, logical and lasting solution of the bottle question is the deposit system."

Roughly 80% of Coca-Cola bottlers surveyed in 1929 had deposit systems in place, and studies of that period showed that bottles did dozens of trips back and forth between consumer and distributor. This was a re-use system that truly reclaimed natural resources, and private industry was its biggest promoter.

How did this system stack up against the alternatives, considering the full ecological impact of reclaiming returnable glass bottles, including washing them? In 1969 Coca-Cola attempted to answer that question by asking the Midwest Research Institute to conduct a life-cycle analysis of packaging. The firm looked at various types of throwaway containers, and compared them with returnable glass bottles on almost every measure: energy expenditure, waste generation, water pollution, air emissions and more.

This study, which the investigators reproduced for the US Environmental Protection Agency in 1974, concluded that no throwaway "container will be improved to match or surpass that of [the 10-trip returnable glass bottle] in the near future".

Coca-Cola nevertheless placed its future in the plastic bottle. Paul Austin, then company president, explained this was because Coca-Cola believed recycling systems would allow the company to reclaim much of the plastic it used.

The beauty of history is that we can look back and see if Austin's bet paid off. Using the US as a case study, the message is clear: failure to offer financial incentives has resulted in a wasteful recycling system. Over 25 years since kerbside recycling began, 70% of plastic containers are never reclaimed. Just 30% end up being recycled.

The good news is that Coca-Cola is considering changing course. Recently, the company announced it would consider approving a deposit system in Scotland. If this happens,

Scotland will probably see elevated recycling rates, much like Germany and other nations that have passed measures to put a price on pollution.

Yet even if this is the start of a new era of environmental responsibility for Coca-Cola, the company faces an even bigger challenge than plastic packaging: what critics call the "junk" inside.

With nations around the world facing alarming obesity rates (over 35% among American adults), Coke is likely to face increased scrutiny of its 330ml cans containing roughly nine teaspoons of sugar – no matter what container it chooses to put them in.

(Source: Elmore, 2017. Plastic bottles are a recycling disaster. Coca-Cola should have known better. Retrieved from https://www.theguardian.com/commentisfree/2017/may/02/plastic-bottles-coca-cola-recycling-coke)

1. List and discuss the impacts of plastic packaging has had on Coca-Cola's THREE (3) stakeholders. (12 marks)

2. Do you agree that Coca-Cola should support the 'deposit system'? Discuss. (10 marks)

3. Coca-Cola decides to 'go green'. It means that the company's goal and direction has changed. This will surely encounter some resistance to change. As a manager, suggest FOUR (4) techniques to reduce your employees' resistance to change? (8 marks)

Part B: Planning and Organizing. **(40 marks)**

1. White Forest Financials is a small investment firm, operating in an extremely volatile environment. One of the company's two owners, David White, is of the opinion that it would be futile for the company to engage in formal planning as the business environment is constantly shifting. However, the co-owner, Marsha Forest, believes that planning is essential for the company's success. Whom would you support? Why? (10 marks)

2. Discuss the THREE (3) types of corporate strategies. (6 marks)

3. How can an organization manage its corporate strategies using the Boston Consulting Group (BCG) matrix? (12 marks)

4. What is meant by departmentalization? Discuss the FIVE (5) common forms of departmentalization, their advantages and disadvantages. (12 marks)

Continued...

Part C: Leading and Controlling. **(30 marks)**

Employee engagement is an important focus for managers. Managers want their employees to be connected to, satisfied with, and enthusiastic about their jobs; that is, to be engaged. Why is employee engagement so important? The level of employee engagement serves as an indicator of organizational health and ultimately business results – success or failure. The latest available data (2013) on global employee engagement levels showed that only 13% of employees (surveyed from 142 countries) were engaged in their jobs; 63& were not engaged, and 24% were actively disengaged. That is, only 13% of employees worldwide say they are passionate about and deeply connected to their work. The region of East Asia showed the lowest proportion of engaged employees at 6%. The global regions of Australia and New Zealand and the United States and Canada showed the highest levels of employee engagement at around 24%. And the highest level of active disengagement of employees is in the MENA region – Middle East and North Africa.

Managers try their best to get and keep employees engaged. Some important efforts include providing opportunities for career advancement, offering recognition, and having a good organization reputation. Yet, this is a challenging issue that faced by all managers. Please discuss the following questions in order to improve the employee's level of engagement.

(Sources: Gallup Organization, 2014. The State of the Global Workplace: Employee Engagement Insights for Business Leasers Worldwide)

1. Discuss how might a manager's leadership style affect an employee's level of engagement? (10 marks)

2. What could a manager do in the way he or she communicates to affect an employee's level of engagement? (5 marks)

3. You're a manager of a workplace that has different "generations." Do you think Gen Y employees are going to be more difficult to "engage"? How will you approach engaging your Gen Y employees? Discuss. (10 marks)

4. Workplace violence is another difficult problem for managers to handle. Managers can take anticipatory steps to control workplace violence. Provide FIVE (5) suggestions. (5 marks)

End of Paper